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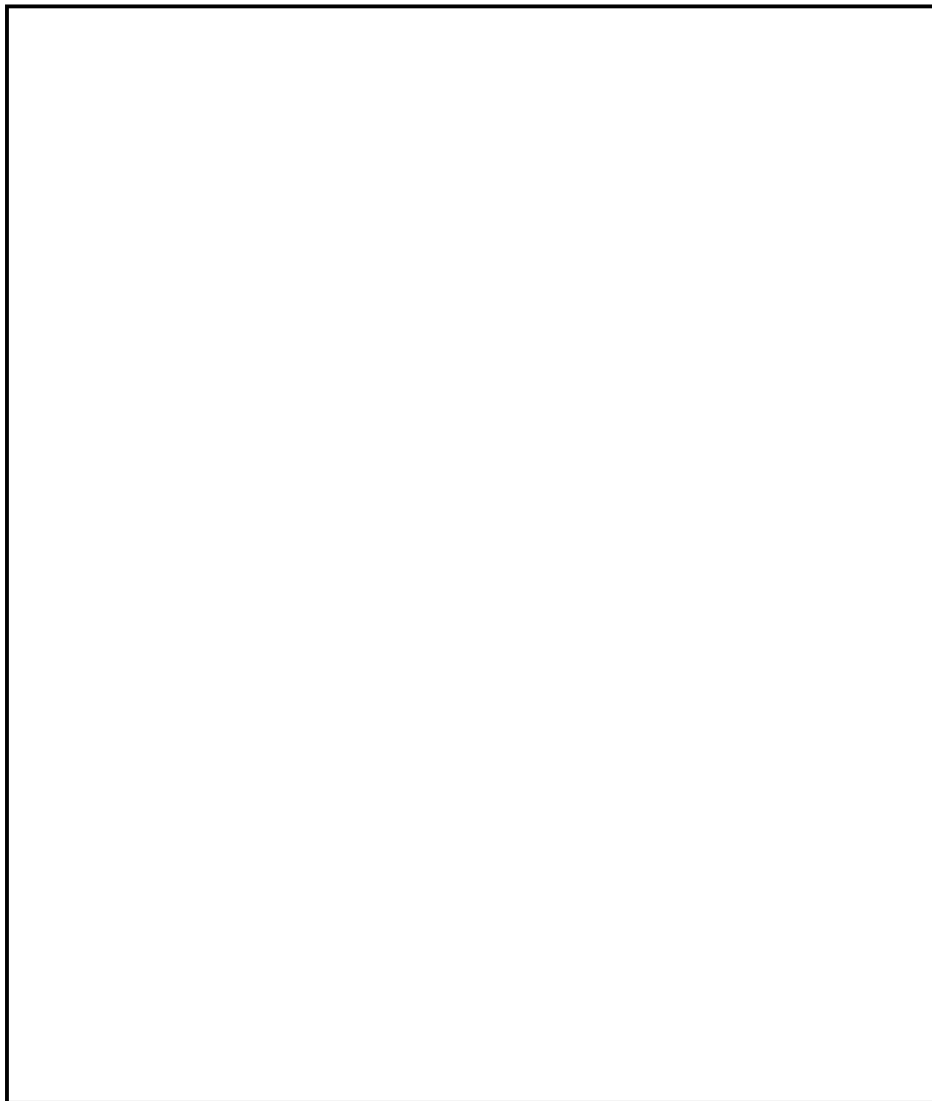
Implications of Various Outcomes of the Iran-Iraq War

Special National Intelligence Estimate

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SNIE 34/36.2-80
20 October 1980

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SNIE 34/36.2-80

IMPLICATIONS OF VARIOUS OUTCOMES OF THE IRAN-IRAQ WAR

Information available as of 20 October 1980 was
used in the preparation of this Estimate.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the Department of State, the Department of Energy, and the National Security Agency.

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The Assistant Chief of Staff for Intelligence, Department of the Army

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EXECUTIVE SUMMARY

This Estimate discusses the consequences of three general scenarios for the current Iraq-Iran conflict: stalemate, an Iraqi victory, and an Iranian victory. It does not judge which of the three is most likely to come to pass. In general, the Estimate looks forward six to nine months, although in some instances trends are identified that extend beyond this period. The disposition and safety of the US hostages held in Iran have not been discussed in this assessment because this subject would include considerations beyond the scope of this Estimate.

The goals of the combatants have remained relatively constant throughout the conflict. Iraq has sought to overturn its 1975 agreement with Iran by a military *fait accompli*, to gain control of the Shatt al-Arab, to reestablish eventual Arab sovereignty over the islands of the Tunbs and Abu Musa, and to bring about the overthrow of the Khomeini regime. Iran has sought to blunt the Iraqi offensive, to extract a stiff price from Baghdad for the seizure of Iranian territory and the destruction of Iranian petroleum facilities, and to discredit Iraqi President Saddam Hussein at home and in the international arena.

If neither side is able to achieve its goals and the conflict evolves into a *stalemate*, the situation over the next several months is likely to lead to:

- Serious damage to the political standing of Saddam Hussein and the intensification of antiregime activity by Iraq's restive Kurdish minority and Shia majority.
- Serious economic hardship in Iran contributing to an intensification of the power struggle in Tehran, with the military probably gaining in political status.
- Continued curtailment of oil exports from Iran and Iraq, greater damage to their oil facilities, and a heightened risk that other Gulf oil producers will be drawn directly into the conflict.

Protracted tensions between the combatants would present the Soviet Union with certain opportunities in pursuing its most critical regional objectives: winning a principal role in controlling the access to oil from the Gulf and preventing the establishment of an enhanced US political-military posture in the region. These opportunities might include:

- Reviving the "Portugalov Plan," which provides for a Soviet role in guaranteeing the security of access to Persian Gulf oil.

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- Supplying arms to both sides while also seeking to mediate the dispute, thereby gaining greatly enhanced influence in the region.
- Avoiding taking sides—as long as the outcome remains uncertain and there is no significant political realignment of either combatant—and exploiting any openings to propagandize against the United States.

Stalemate is probably the outcome containing the greatest possibilities for both gain and risk for US interests. On the positive side, a stalemate would:

- Preoccupy both Iran and Iraq and wear down their military capabilities.
- Facilitate US attempts to enter into new security arrangements with selected area states.
- Relieve pressure on Arab moderates to move toward more hardline, anti-US positions, particularly on the Arab-Israeli dispute.

On the negative side, the greatest danger from the US perspective is that a stalemate might lead to:

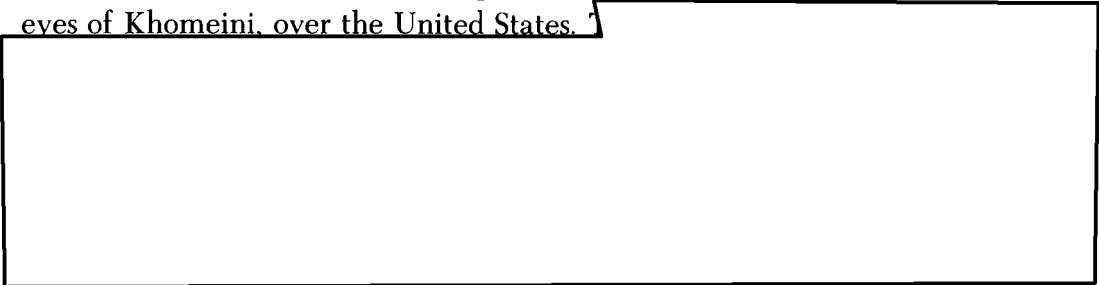
- A widening of the war and thus an interruption of the flow of oil from all Gulf producers.
- A sharp increase in oil prices, because of protracted nonavailability of Iranian and Iraqi oil.
- Greater challenge to the domestic security of the Arab Gulf states.
- Risk of expanded opportunities of Soviet influence in the region.

If the conflict resulted in an *Iraqi victory*, it would solidify Saddam's position at home and strengthen Iraq's influence among the Gulf states and in the Arab world.

[REDACTED] Because an Iraqi victory might include major reduction of Iran's ability to refine crude oil and the consolidation of Iraq's military control over western Khuzestan, Baghdad could exert great pressure on the Iranian economy. This, added to the humiliation of defeat, would severely tarnish Khomeini's image of invincibility and could in time lead to the collapse of the regime. A defeated Iran would also be vulnerable to territorial fragmentation, as dissident minorities sought to consolidate their autonomy. This would increase the chances that the Soviets could ultimately establish a more influential position in Iran. In view of the difficulties and

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time that would probably be required for a successful Iraqi campaign, damage to oil facilities of both combatants probably would be serious.

A *victory by Iran* would immensely strengthen the Khomeini regime, as it would again appear to have prevailed over great odds and, in the eyes of Khomeini, over the United States. 

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If Iraq were defeated, there would be a good chance that Saddam would be toppled and a serious danger would arise of widespread revolt by Iraq's Shia majority against continued political control by the dominant Sunni minority. Iraq's more vigorous efforts in recent years to supplant Egypt as the most influential Arab state probably would be derailed, and Baghdad's influence in the Gulf would be substantially reduced.

An Iranian victory would provide few clear-cut advantages to the Soviets, although Iran's efforts to destabilize Arab governments in the Gulf might provide the Soviets with some new opportunities. The USSR might also stand to gain from Iran's defiance of the United States, through offers to assist in rebuilding the country. The speed with which prewar oil flows could be restored would depend on the extent of damage to oil facilities, which has worsened during the past several weeks. Moreover, if a defeated Iraq were plunged into political chaos, restoration of its facilities would be seriously complicated.

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DISCUSSION

I. STALEMATE

1. The war between Iran and Iraq, which began on 22 September 1980, may proceed over the next six to nine months with neither side able to win a decisive or acknowledged victory. Iraq might continue its occupation of a significant portion of Khuzestan with Iran continuing to resist. Under such a scenario Iraq presumably would remain interested in a cease-fire and negotiations, but it would be unable to secure its position in occupied Khuzestan or totally disrupt distribution of petroleum in Iran and would remain vulnerable to Iranian counterattacks and guerrilla actions. Iran would remain unable to drive Iraqi forces out of the occupied areas of Iran but would refuse to accept a formal cease-fire, negotiations, or a compromise settlement. The conventional war might gradually wind down without a political settlement. The fighting, conventional or guerrilla, could also continue at a fairly high level or sporadically for an extended period.

Impact on Iraq

2. A stalemate would damage the political standing of Iraqi President Saddam Hussein. Stalemate would lead to domestic recriminations, an erosion of Saddam's prestige and authority, and probably antiregime plotting, purges, and increased terrorism by Iraq's Shia Muslim population backed by Iran. Saddam would be blamed for miscalculating Iran's political and military reaction and for embroiling Iraq in a protracted war that it could not win. He would blame his advisers, especially in the military. Much jockeying would ensue, but over time it would be likely that factions in the Baath Party would join with disgruntled elements of the military in efforts to oust Saddam. Some segments of the military could turn against the party, but the latter is sufficiently large, institutionalized, and established in the military services that this is less likely. It could take an extended time to settle the issue, as Saddam's abilities in seizing and holding power are formidable.

3. During this period Saddam would curtail his tentative prewar moves to expand his political base by

broadening political participation in favor of more repressive rule. At the same time, Iraq's Kurdish minority would seek to exploit the military and political demoralization and the government's preoccupation with Iran to advance its autonomy goals. Saddam's own thinking would turn more toward suspicion of those around him, preoccupation with vengeance against Iran, and a search for victory elsewhere to restore his lost prestige.

4. Failure to resolve the conflict would result in economic dislocations in Iraq, but Iraq is in a much better economic position than Iran to weather a protracted conflict. Iraq entered the war with a healthy inventory of essential commodities, had a good grain crop this year, has several months' stocks of imported foodstuffs, and greater financial reserves. Ports that normally handle 80 percent of Iraq's 8-10 million tons of annual imports are closed, but alternate overland routes have the capacity to maintain supplies of most basic needs.

Impact on Iran

5. A stalemate would intensify the power struggle in Iran. The regime had been gradually losing support and turning toward authoritarianism before the war, although this trend was interrupted by the surge of nationalistic pride that buoyed the regime following the Iraqi attack. The blunting of Iraq's offensive could be viewed as a symbolic victory even though some Iranian territory remains in Baghdad's hands. However, once the initial enthusiasm for the war passes and the full impact of Iranian losses is felt, factional infighting between the secularists and clerics probably would increase, perhaps with military leaders playing a role for the first time. The war has increased the military's prestige and given it greater credibility—improving the chances for a successful coup d'etat.

6. If Iranian forces remain tied up in the southwest or depleted to the extent that key positions in the provinces cannot be controlled, minority groups will probably make new attempts to consolidate the already

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significant self-rule that they enjoy in some areas. Leftist opposition groups—Mujahedin and Fedayeen—would also be able to operate more openly and could further expand their influence. The public stance of the Tudeh and other groups with ties to the USSR would depend on whether the USSR continues to support Khomeini. Covertly, these groups can be expected to continue efforts to subvert the regime.

7. If the conflict were not resolved, Iran would face internal economic problems more serious than those of Iraq. Loss of access to oil facilities in Abadan has already eliminated half of Iran's petroleum refining and product storage capacity. Iran's remaining refineries could produce no more than 50 to 70 percent of winter kerosene requirements, and the outlook for importing oil products is bleak. If Iran's remaining oil refineries were shut down, the country's economy would be in a precarious position, creating severe economic deprivation. In any event, Iran's already troubled food situation would also worsen.

Consequences for Oil

8. As long as military activity continues even on a small scale, oil exports through the Persian Gulf from Iran and Iraq are likely to remain seriously curtailed, and Iraqi oil shipments to Mediterranean ports will probably remain cut off. The longer the fighting continues, moreover, the greater the risk will be of more serious damage to oil facilities that would hinder the resumption of exports once hostilities end.

9. World oil inventories theoretically could cover the loss of Iraqi and Iranian exports for at least the remainder of 1980, but there would be a marked reluctance to draw down stocks when a prolonged loss of exports was believed likely by the world oil market. This reluctance in turn would generate ever-increasing price pressures on crude. Part of the loss of Iranian and Iraqi oil is expected to be offset by increased supplies from other OPEC countries, but political and technical constraints would probably limit the increase over a period of months, to about half the loss of nearly 4 million barrels per day (b/d).

Impact on the Region

11. If the conflict between the two Gulf states is protracted, the risks will grow of regional instability and of increased involvement in the war by outside powers. Jordan's commitment to Iraq could lead to its direct involvement, to greater use of Aqaba port and Jordanian airfields by the Soviets and others to resupply Iraq, and to heightened anxiety, warnings, and perhaps military intimidation by the Israelis to counter this resupply and any Iraqi presence in Jordan. If the Arab Gulf states were to become more involved or Iran were to feel a heightened sense of desperation, Iran could attack the Arab Gulf states or attempt to close the Strait of Hormuz. As long as the Arab Gulf states are not attacked, Syria and Libya probably would become more vocal and generous in their support for Iran as the stalemate continued.

12. As time passes without a clear Iraqi victory, the recent growth in Baghdad's influence over other Arabs and the nonaligned states is likely to slow or even be reversed—and with it the inclination of the smaller Arab states to go along with Iraq's hardline policies.

Israel's Security

13. Prolonged conflict between Iran and Iraq would enhance Israeli military superiority over the Arab states. Iraq's Army and Air Force, the principal potential contributors of expeditionary forces to the Golan Heights-Jordan Valley front against Israel, are tied down in and facing Iran, and extended conflict would increase Iraqi losses and delay force improvement programs. Continuation of the war in the Gulf might lead to the establishment of more effective forms of military cooperation between Iraq and Jordan that over the longer term would work to Israel's disadvantage. In most other respects, however, continued fighting would only cause a further deterioration in the already poor relations among several Arab states, most notably

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Iraq and Syria, that have long been a major stumbling block to effective coordination of military forces against Israel. The Israelis, who hold a pessimistic view of the longer term trends in the region, might view this period of military imbalance as a propitious time to preempt such perceived threats as the Palestinians' military capability in southern Lebanon or the Iraqi nuclear facility at Tuwaitha.

Potential Soviet Actions

14. A period of protracted tension between Iran and Iraq would present the Soviets with certain opportunities. Moscow will maintain its criticism of the United States, hoping to prevent or at least limit any coordinated Western action in the Gulf. In this connection the Soviets might revive their proposal for multilateral discussions aimed at guaranteeing the security of access to Gulf oil—the so-called Portugalov Plan. These steps would be in keeping with two of the Soviets' most critical objectives in the area: winning for themselves a principal role in controlling access to oil from the Gulf; and preventing the establishment of an enhanced US politico-military posture in the region. In any event, Moscow will continue to maintain a substantial naval presence in the Indian Ocean and the Arabian Sea.

15. The Soviets may be prepared to covertly supply arms to both sides while at the same time offering to mediate a settlement. However the war evolves, Moscow would probably volunteer to help rebuild combat-damaged facilities in the hope of ultimately garnering increased and preferential access to energy, particularly for its East European clients. The Soviets will strive to avoid openly taking sides so long as the outcome remains uncertain and there is no significant political realignment of either combatant.

Impact on the United States

16. Paradoxically, stalemate is probably the outcome of the conflict that from the point of view of US interests contains both the greatest possibility for gains and the highest risk of severe setbacks. On the positive side, a stalemate would preoccupy both Iran and Iraq and wear down their military capability. By eroding Iraq's influence with the other Arabs and providing a continuing alternative focus for Arab concern, a stalemate would to some extent relieve pressure on the Arab moderates to move toward more hardline, anti-US positions, win the United States some respite from Arab pressure to solve the Palestinian problem, and

facilitate US efforts to enter into new security arrangements with selected area states. A stalemate would also be the outcome preferred by the chief US supporters in the area—Israel, Egypt, and Saudi Arabia. The erosion of Iraqi and Iranian influence in the Gulf would also raise the possibility that Saudi Arabia might be able to establish itself as a more realistic leader of the Arab states in the region, at least on the diplomatic front.

17. On the negative side, stalemate could lead not only to a continuation but also to an expansion of the conflict—and to a consequent direct challenge to the United States and the West. If Iran perceives itself in an increasingly desperate military and economic situation, it could strike at the oil production facilities of the Arab Gulf states or attempt to close or disrupt traffic through the Strait of Hormuz, knowing that these actions would force outside involvement, including US involvement, to keep the oil flowing. Such a widening of the war—although it might be of short duration—would carry the highest risk of interrupting the flow of oil from all Gulf producers, triggering sharp price increases, undermining the domestic security of the Arab Gulf states, and prompting the direct involvement of third parties in the conflict. All parties concerned would expect the United States to intervene militarily, and would fear that other Arab states, Israel, and the USSR might also be drawn in. This situation would put the Western alliance to a severe test, with the European allies convinced of their vulnerability but uncertain of the extent to which they should



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II. IRAQI VICTORY

18. A credible Iraqi victory must have both a military and a political component. Militarily, Iraqi forces must solidify their hold on the Shatt al-Arab and those parts of Khuzestan critical to Iran's oil economy. On the political side, if the Iraqis were to succeed in prompting the overthrow of Ayatollah Khomeini, they would have won a victory virtually regardless of whether they had achieved their territorial goals. Short of that, the Iraqi regime must achieve a truce favorable to Baghdad or otherwise demonstrate that it has bested the Iranians. Iraqi leaders will not be credited by the other Arabs or by their own people with having achieved a victory as long as Iraqi forces in Iran are

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continually vulnerable to major Iranian counterattacks and are sustaining unacceptably high casualties, or as long as Iran is able to sustain its economy and armed forces with petroleum from Khuzestan. Baghdad need not achieve restoration to the Arabs of the Iranian-controlled islands in the lower Gulf to be seen as having emerged the victor.

Impact on Iraq

19. Military victory over Iran would to an extraordinary degree solidify the status of Saddam Hussein as leader of Iraq and strengthen a sense of Iraqi nationalism. Iraq's rulers and populace would believe themselves truly the preeminent power in the Gulf and possibly in the Arab world. A more confident Saddam Hussein would resume efforts to broaden his political base, extend the concept of nationhood, and give Iraqis a sense of greater participation in the system. There would, however, be no meaningful devolution of power, and opposition groups like the Kurds probably would be more intimidated than they are now. Iraqi leaders would be even more reluctant to advance views contrary to those of Saddam Hussein. One of the most significant consequences of victory might be that it would reinforce in Baghdad the notion that Iraq's military power was a usable tool of foreign policy.

Impact on Iran

20. An Iraqi victory that included the consolidation of Iraq's military control over western Khuzestan and the shutting down of Iran's principal refineries would enable Baghdad to exert great pressure on the Iranian economy. As in the case of continuing fighting that resulted in shutting down of a substantial part of Iran's refining capacity, fuel shortages would soon develop that would curtail internal distribution of critical commodities. Even the import of vital goods would prove very difficult, as the lack of fuel would soon restrict Iran's ability to move goods overland. It would also disrupt Iran's ability to produce domestic food supplies in the spring. Electric power generation would be heavily cut, and heating and cooking fuel would become extremely scarce during the winter months.

21. Politically, an Iraqi victory that involved the loss of a significant amount of Iranian territory and oil resources would undermine Khomeini's image of invincibility and could in time lead to the collapse of the regime. Several months of economic deprivation in Iran would add severe pressure on the collection of

factions that make up the Iranian regime. They would be likely to quarrel among themselves as the winter goes on. Some would make common cause with elements in the military or the Revolutionary Guards. Efforts to change the government would be made. But Khomeini's stubbornness would cause him to resist all efforts at compromise, and his position as the man who saved Iran from the Shah might protect his position at least as a figurehead whatever the outcome of the political struggle. Dissident minorities might be able to consolidate their autonomy in the provinces. Their ability to deny to the central government the resources and communications links in their homelands would further weaken the regime in Tehran. Some minority groups, probably helped by Iraq, would join with other moderate forces seeking to topple the government.

22. Winning foreign assistance for regaining Iran's lost territory would be a priority for any regime following a defeat.

Despite its Islamic rhetoric, it might be more willing to reach a rapprochement with the USSR. Or, a new regime might demand as a precondition for ties with the United States that Washington initiate pressure on Iraq to make significant withdrawals.

Restoration of Oil

23. The Iraqis have built substantial redundancies into their oil transport system, and probably would be able to restore some exports if they won. There is, however, increasing evidence of damage to critical Iraqi oil facilities that could prevent the restoration of production and exports to prewar levels. The longer it takes to obtain victory, the greater the chance of even more serious damage to critical facilities. If the Iranians retained control of their offshore and south-eastern Khuzestan oil facilities, which are outside the current primary area of conflict, Tehran could probably restore crude oil exports to prewar levels (600,000 b/d) with only minimal delay. Production from offshore fields could probably produce 350,000-400,000 b/d by themselves.

Impact on Arab Politics

24. An Iraqi victory would have a far-reaching impact on the political balance in the region and on the views of area states on security issues, especially if the Iraqis held on to Khuzestan or established a puppet

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regime there. Iraq's prestige and influence in the Arab world would be enhanced significantly. Conversely, the respect or fear the Arabs have for the Iranian revolution and for Ayatollah Khomeini would diminish, and with it probably much of Iran's ability in the near term to intimidate the smaller Gulf states—limiting its ability to foment political dissidence among their Shia populations.

25. An Iraqi victory (like an Iranian victory) would also ensure renewed instability and conflict over the longer term. The mutual Persian-Arab antipathy and hatred that has existed since the seventh century has been given an enormous boost by the current conflict, which has been wider than any between Persian and Arab for at least a century and a half. It will not be forgotten, and people on both sides of the cultural divide will seek revenge. Neither Iraq nor Iran would acquiesce permanently in fundamental and disadvantageous alterations of the border.

26. A victorious Iraq almost certainly would emerge as the most assertive, influential, and effective state seeking to lead Jordan, Saudi Arabia, and the smaller Gulf states to an Arab consensus that was independent of the United States, the USSR, Egypt, and the "Steadfastness Front"—Syria, Libya, Algeria, South Yemen, and the PLO. This probably would stimulate renewed efforts by the Gulf states, especially Kuwait, to seek political accommodation with Iraq and further limit Saudi Arabia's role as leader of the Gulf Arabs. Syria, more than the other Arab states, would be defensive and fearful of an expanded Iraqi role in the region. Syria's relations with Jordan could be expected to deteriorate further, and Damascus might continue to draw closer to Libya and the Soviet Union.

Capabilities Against Israel

27. An Iraqi victory would not increase Baghdad's ability to confront Israel militarily for the next three to five years. Following the current conflict, Baghdad would probably:

- Accelerate the ongoing modernization and expansion of its military and economy, with emphasis on replacement of items lost in the war and correcting deficiencies in air defense and air force performance that were uncovered during the war.
- Use its enhanced strategic position to encourage other Arab oil producers to spend more of their wealth and influence to promote military and diplomatic action against Israel.

- Attempt to extend wartime cooperation with Jordan into closer military and political ties between the two countries.

28. The aftermath of the war, however, will continue to limit the amount of troops and weaponry that Iraq could send against Israel, as Baghdad would need to maintain a large portion of its Army facing Iran to deter revanchism, especially if militant Shias remain in power in Tehran. Iraq would also need time to replace wartime losses in personnel, weapons, and legis-



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Soviet Perspective

29. The Soviets would move quickly to strengthen their own ties to Iraq if it were to defeat Iran, recognizing that Soviet interests would be best served by being on good terms with a more powerful Iraq. The Soviets would almost certainly become more cooperative in their discussions about arms deliveries to Iraq. We believe that the Soviets would be inclined to move in this direction because of their concern that a strengthened Iraq might be even more eager than before to promote its own independent role and to distance itself from Moscow. A preeminent Iraq that is not dependent on Soviet weapons systems might well hinder the USSR's efforts to promote its own interests in the Gulf, particularly access to oil. Moreover, from the Soviet point of view, a preeminent Iraq might create new impetus for other Gulf states to look to the West for assistance.

30. Assuming that Iran would remain at least minimally stable over the short term following its defeat, the Soviets could offer major economic and military support—hoping to build relations with Tehran, thereby preventing any Iranian turnabout toward the West and enhancing the ability of the USSR to expand its position in Iran over the longer term. Tehran might be receptive to such an offer in the belief, which the Soviets might encourage, that Moscow was both able and willing effectively to press Baghdad on Iran's behalf.

31. Anticipating increased instability in Iran, Moscow would continue to develop its own assets there and might strengthen Soviet military capabilities in

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the region. If Iran began a process of fragmentation, Moscow might seek to take advantage of the situation through instigation of a pro-Soviet coup in Tehran, supporting separatist groups in the provinces or even occupation of adjacent border areas.

US Interests

would be preoccupied militarily with the Iran problem for an extended period, its increased influence among the other Arab states, especially Jordan and the Gulf states, would strengthen Baghdad's effectiveness in marshaling Arab support for its generally hardline, anti-US policies on regional issues. This would ensure that there would be no slippage in the Arab opposition to the Camp David Accords, reinforce the reluctance of the Arabs to endorse any future agreements resulting from the Egyptian-Israeli negotiations on Palestinian autonomy, and probably increase the reservations of the Gulf Arabs about negotiating or implementing fully any security arrangements with the United States. If Iraq continued to hold Iranian oilfields, it might also have an enhanced ability to influence the deliberations of OPEC.

33. An Iraqi victory would stimulate intensified Israeli requests for US assistance, as Israel would see itself threatened militarily by a more influential Iraq, especially in view of the recent close cooperation between Iraq and Jordan. This would be true even though Iraq's military capability vis-a-vis Israel would not be enhanced. Israel would also be anxious about the possibility that the Iraqis over time would try to use their oil weapon and their greater political clout to undermine European and other international backing for Israel, elicit cooperation of foreign suppliers with Iraq's nuclear program, expel Israel from the UN General Assembly, or seat the Palestine Liberation Organization in more international organizations. Successful or not, any such efforts on Iraq's part would be likely to entangle Washington as well, isolating the United States as the principal international supporter

III. IRANIAN VICTORY

34. For Iran to win a military victory it must emerge from the conflict with Iraqi forces substantially withdrawn from Khuzestan and with secure access to its petroleum resources in the province. Politically, the Iranians could win a victory if Iraqi President Saddam Hussein were to be toppled or discredited in the Arab world after having become bogged down in Iran or following a serious military debacle, whatever the situation regarding the occupied territory.

Impact on Iraq

35. The major distinctions between stalemate and defeat for Iraq are in the pace and severity of consequences. Like stalemate, defeat would produce antiregime plotting, purges, and emboldened Kurdish and Shia violence. A defeat, however, would hasten the process and aggravate the results, seriously challenging any regime's ability to maintain Iraq's social fabric, which is torn by deep ethnic and religious differences. The chances of Saddam Hussein retaining power in the face of defeat would be greatly diminished. A successor regime would certainly involve the military, but no one in Iraq—with the possible exception of ailing ex-President Bakr—has Saddam's stature. A defeat would discredit both the military and the party, adding to a successor regime's burden of establishing its authority. Defeat would probably produce an Iraq similar to that of the late 1960s and early 1970s—insecure, massively repressive internally, and regarded as unstable and hostile abroad. Outside powers—Syria and Iran among them—would likely increase their support to various dissident elements as a way to keep the regime weak.

36. The degree of damage sustained by the Iraqi economic infrastructure, especially to its oil facilities, could well determine the rapidity of Iraq's recovery from a defeat in the war. If it emerged relatively unscathed, Baghdad's continuing economic strength would help restore more quickly governmental self-confidence and provide the population with an incentive for a stable government. An Iranian victory probably would not have a serious impact on the Iraqi economy unless Iraqi use of the Shatt al-Arab waterway was disrupted or alternate overland trade routes closed. The interdiction of Iraq's transport routes would eventually be translated into shortages of food, intermediate products, and consumer goods.

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Impact on Iran

37. Victory over Iraq would immensely strengthen the Khomeini regime. Khomeini would again appear to have prevailed in the face of overwhelming odds and the opposition of the United States and the Arabs. The prestige of the Iranian military and President Bani-Sadr would be boosted, but the Islamic fundamentalists would probably move quickly to try to undercut them. The minorities and leftist opposition would have no immediate weaknesses to exploit and would continue to strengthen themselves in the hope of winning future concessions from Tehran.

Restoration of Oil

38. The speed with which prewar oil flows could be restored would depend on the extent of damage to vital facilities. Such damage has worsened during the past several weeks. If Iran were to win a victory over Iraq with little additional damage to either country's oil facilities, limited oil flows from both could resume quickly provided that Iraq retained use of its two offshore Persian Gulf terminals. If use of these terminals were lost, Iraq theoretically could export almost 2 million b/d via the Mediterranean Sea. However, 1.2 million b/d of this capacity goes through Syria, which has backed Iran in the war and might therefore interdict the flow.

Impact on the Other Arabs

39. A military victory over Iraq in a war launched by the Iraqis would enhance Iran's potential to influence or intimidate the other Arab states in the Gulf region. Tehran would almost certainly possess a greater capacity to stimulate antiregime political activity among the sizable Arab or Persian Shia populations of Kuwait, Bahrain, and Saudi Arabia in particular. The small Gulf states could be expected to explore the possibilities for political accommodation with Iran, but at the same time they probably would seek continued or more explicit security guarantees or assistance from the United States. Iraq in the near term would have much less influence with the Gulf states, but any regime in Baghdad could be expected within a relatively short time to attempt to redress such an anomalous imbalance.

40. Iraq's attempt to supplant Egypt as the most influential Arab state, pursued vigorously since the signing of the Camp David Accords in 1978, probably would be derailed by a military defeat. In terms of

inter-Arab politics, Jordan and, to a lesser extent, Saudi Arabia would be disadvantaged by their support for Iraq and would be unlikely to take vigorous or effective steps to lead an Arab consensus if Iraq had turned inward to deal with its domestic problems. Conversely, the radical Arab backers of Iran, Syria and Libya, would be strengthened by an Iranian victory and, although they would win no new converts to their hardline policies, would be left somewhat less defensive, isolated, and insecure. Egypt's position within the Arab world probably would not change appreciably, although the moderate Arabs in their insecurity and without Iraq's pressing probably would make less an issue of the isolation of Egypt. The net impact of an Iranian victory probably would be heightened fragmentation among the Arabs and a new period of scrambling for leadership among them.

The Arab-Israeli Balance

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Iran would not have the capability following the war to send more than token forces to the Golan Heights or southern Lebanon, and Iraq's forces would need substantial rebuilding. If the present government survived in Baghdad, it would see Tehran as the main threat and probably would not be eager to challenge the Israelis until the score with Iran was settled. A severe setback for Iraq would drain its military strength and would increase Shia unrest in Iraq, Saudi Arabia, and the Gulf states, thus focusing attention on internal problems and away from the dispute with Israel, despite a likely increase in militant Arab rhetoric. Although Tel Aviv would view unrest around the Gulf with alarm, fearing an expanded Soviet role in the region and declining Western influence, it would see fewer emerging military threats directed specifically against its interests and might find less need to take preemptive military action.

Soviet Reaction

* 42. The Soviets might anticipate that an Iranian victory would generate further impetus for pro-Khomeini Shia forces to foment revolution in neighboring Gulf states.

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The Soviets would actively support these Iranian goals, even at some risk to

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their position in Iraq, by providing military aid and by continuing to play upon Iran's hatred of the United States. On the other hand, the Soviets recognize that Islamic radicals in the area are anti-Soviet as well as anti-West; they are concerned about the spreading of Islamic radicalism to their own Islamic minority; and they do not want to see a rationale provided for a forceful US involvement in the region. In the event of an Iranian victory, the Soviets would be very forthcoming in their offers to assist Iran, seeking to develop their ties to the Iranian regime and lay the groundwork for better relations.

Impact on the United States

A defeat would foment political instability in Baghdad, but, whether or not it led to the replacement of the current regime, it probably would foreshadow a period of preoccupation with domestic affairs and a disinclination to pursue an activist policy in the Gulf

or in the Arab world. This would remove some of the intensity from the Arabs' anti-US and anti-Egypt campaigns, and—coupled with a likely increase in Iranian efforts to export Iran's revolution—probably leave the Gulf Arabs more willing to cooperate with the United States on mutual security matters. A more withdrawn Iraq could also open the way for Egypt over time to establish itself as leader of the Arab world, and in the near term relieve some of Israel's anxieties.

44. A victorious Iran would possess a greater potential to foment revolution in the Arab states of the Gulf, however, and would be reinforced in its tendency to take a very hard line in negotiations on bilateral issues with the United States.

with Iran's revolution strengthened, however, the likelihood presumably would grow that the country would remain relatively stable, thereby reducing somewhat the chances that the United States might be required to deal with an expansion of Soviet influence in Iran.

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